



Milwaukee County Board of Supervisors

Supervisor Deanna Alexander, District 18

For Immediate Release March 3, 2014
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Testimony Supporting Senate Bill 626
and Assembly Bill 750
From Milwaukee County Supervisor Deanna Alexander
March 3, 2014

Mr. Chairman and Senators,

As you all know, Milwaukee County government was created by the state and, except for allowances specifically outlined in the statutes, exists solely to serve as an arm of this state government.

I have been elected represent about 53,000 in Milwaukee County. I take my job very seriously and offer this testimony to you to provide perspective that will support the passage of Senate Bill 626 and Assembly Bill 750.

The Living Wage Ordinance

I assume that you know Milwaukee County is currently in the process of legislating what some have called a "Living Wage Ordinance" or "LWO." The County Board has passed the LWO on a 12-6 supermajority vote and we are awaiting an expected veto from our County Executive. While I know that this is the venue for vetting proposals on state law, this state law would directly affect the ability for Milwaukee County to pass or enforce the LWO, so it is relevant and important for you understand the powerful intervention you could rightfully provide.

The LWO that the Milwaukee County Board passed last month would require that employees of the county, the county's contractors, and the county's contractors' contractors be paid at least \$11.32 per hour, subject to automatic annual increases.

Those supporting the LWO are selling hope to the public by saying that these new rules will create an atmosphere of fairness and change the game by lifting people out of poverty. They also claim that they have the right to impose these requirements on private businesses because the county has a right to dictate how its money will be spent.

But as we all know, when it comes to legislation, the headlines rarely tell the full story. Here's what we learn when we read the fine print in the county's legislation: it creates a greater and more unexplainable unfairness than what currently exists.

Reduced Value in Service: Getting Less for More

The authors of this ordinance claim that it will not cost taxpayers anything. We can only assume that they are (correctly) asserting that there will never be a line on our budgets telling us how much more we will pay for services under the LWO. But what they miss is how we account for fewer services – how we will receive less in our contracts in exchange for the same amount.

Milwaukee County is almost complete with a full and intricate evaluation, (called the 'JEQ') of every position we employ. We are evaluating job descriptions, job duties, the management chain, and comparable external jobs; along with each individual employee's level of education, experience, and performance in order to determine the proper pay scale for each position. If the LWO is enacted, it will

preempt that entire study and the fair results we are expecting from it. The LWO will artificially raise wages without any correlation to increased efficiency, service, production, or expertise, and by default require many of the first-line supervisors of everyone receiving an increase to also receive an arbitrary and potentially unwarranted change in compensation. In what world should taxpayers be required to pay something for nothing other than one where fair evaluations would justify it?

Bankrupting Family Care

Milwaukee County's independently elected non-partisan Comptroller has advised that the LWO, as amended, will not only cost taxpayers millions of dollars to receive the same services or less than what we receive now, but that it will inevitably lead to the bankruptcy of Family Care.

Unlike many contractors that the county does business with, that will have the option of either reducing profits or increasing revenue in order to pay for the additional expenses caused by the LWO, Family Care contractors are prohibited by law from increasing revenues or tinkering with the administration fees. This is a situation where we already have government telling service providers who they will serve, what service they will provide, how much they will bill, and how much they are allowed to profit. If we as elected officials also begin to demand that their expenses exceed the revenues that we, ourselves, have limited for these contractors, then we can only expect that the Comptroller is telling the truth in foreseeing the program's demise. And if Family Care goes bankrupt, that will hurt our most vulnerable – the elderly and disabled. How is it that the LWO will lead to fairness?

Arbitrary Rules

The LWO itself contains arbitrary provisions dictating times for enforcement. For example, why should a contractor with a \$19,000 contract be allowed to 'skirt fairness' and pay their employees only \$8.00 per hour, while a contractor with a \$20,000 contract is required to pay employees a so-called living wage for a family of four – regardless of whether or not those employee actually support a family of four? How is this fair?

The LWO requires that if the County, or one of its contractors, changes contractors all of the employees that could lose their job must be offered employment with the new service provider. For example, if a contracted caterer for a County facility decides to hire a new janitorial service, the winning bidder will be required by government mandate to hire all of the employees from the old janitorial service provider that is no longer under contract. So now, on account of winning a new contract, we have private employers having to lay off their employees in order to hire new people. How is that fair?

Mitchell Airport & Starbucks

Can anyone explain why the LWO exempts General Mitchell Int'l Airport from compliance? Starbucks is one of the companies that will be affected by the LWO in a very interesting way. Many of us know that national coffee shop as being a company that cares about fairness. Won't it be interesting when the employees working in downtown Milwaukee at the Starbucks at Red Arrow Park get government mandated raises and the employees working at the Starbucks at the airport are overlooked because some politicians thought it better that way? How will that be fair?

We can only guess that they can't allow the airport to be affected right away because then the airport, which is financially self-sustaining, would have to raise airline fees, which would immediately cause travelers' prices to fly in or out of Milwaukee to increase without any corresponding increase in service quantity or quality. While the LWO exempts the airport at first, the ordinance will roll it in for compliance beginning in only a few years. How many of you want to see prices at our premier airport go up?

Exemptions: All About Politics

Another concern - Why has the County Board created two paths to exemption for companies not wanting to comply with the LWO?

While a good portion of the public sees politicians as corrupt and only out for themselves, their campaigns, and 'big business,' we have a County Board willing to state an explicit exemption for employers right in the ordinances: just lobby enough County Board members to vote for an override and you don't have to comply. I'm almost surprised that the ordinance doesn't list the campaign addresses that lobbyists can send their checks to.

Filling the Union Coffers and Hurting the Employees

There is a second explicit exemption that should alarm you even more: Employers with union contracts are exempt from complying with the living wage ordinance. Let me put that another way: Unions now have a bargaining chip to take to employers. Now I know that union bargaining is a sensitive topic with the state; but I want to show you why, whether you generally side with the unions or not, this is still a raw deal for workers.

When the employers agree to a closed shop, exclusive, and mandatory union contract, unions will be empowered by the county board to offer an exemption to the living wage. This means that the employers get to keep wages at their current rates and in exchange the unions get to collect dues. The employees... well, they get to NOT make the "Living Wage" that politicians are saying are so vital to help people survive. All because of a backroom deal. I know that this sounds too disparaging to be true, but we've verified a real example already: One of our family care providers was approached by the Service Employees International Union (SEIU) and offered a deal like this. The employer currently has a contract with the SEIU whereby employees have the option to join – if they want to. About one out of every four of the 1,200 employees has joined and things have worked well. But now, the employer has employees asking her not to agree to the SEIU's proposed 'backroom deal' because they don't want to join the union, and they certainly don't want to give up the chance at a higher wage.

When one does the math, the LWO will cause the SEIU to receive an additional \$300,000 per year through this employer alone, while the employees receive NO INCREASE IN PAY and become required to pay union dues, against their will. With provisions like these, it doesn't have the affects you would expect in a living wage ordinance; it's more like an employee betrayal ordinance. Our workers deserve better than this.

Your Power Over State Money

The naysayers will tell you to stop meddling with Milwaukee County. Don't forget that these are the same people that claim Milwaukee County has the right to interfere with private businesses because it's the County's money. By that logic, you here at the state have the same right to create boundaries for the county, since it's the state's money. Don't let anyone guilt you into not doing your job. And of course, shouldn't we all be doing what is best for the taxpayers, since in the end, it is all their money?

Call to Action

The Milwaukee County LWO is not about a living wage and it is surely not about fairness. You have an opportunity to demand something better of local officials, particularly those that are supposed to be functioning as an arm of your decisions here at the state. As someone living in Milwaukee and working in its County government, I can testify that, in this case, the best thing you could do is *save us from ourselves*.

Milwaukee County is dictating how taxpayer funds will be spent, and you have the opportunity to rightfully exert that same power over funds flowing to us from your own accounts here in Madison. Now, are you really willing to keep writing us checks without so much as a requirement that we spend it in a sensible way?

I urge you to vote in favor of AB750 and SB626.